



The Competitive Carriers Association

Rural Cellular Association

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September 12, 2011

Via ECFS

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

**Re: WC Docket No. 10-90
WT Docket No. 10-208**

Dear Ms. Dortch:

On September 8, 2011, I had a telephone meeting with Margaret Wiener, Martha Stancill, Scott Mackoul and Craig Bomberger of the Auctions and Spectrum Access Division in the Wireless Telecommunications Bureau. Participants on the call discussed the possibility of package bidding, a very specific element of the FCC's proposed Mobility Fund. For the purpose of our conversation, FCC staff said to assume the Mobility Fund will be structured as proposed by the FCC in this Mobility Fund NPRM¹ including one-time, capital expense support for areas that are lacking 3G service, distributed through reverse auctions. To receive funding, we assumed recipients must deploy 3G or better service in an unserved area, defined as 90% of unserved road miles or "units" identified at the census block level aggregated at the census tract level for bidding.

Putting aside RCA's grave concerns about the FCC's proposal including the inadequate level of support for mobility, lack of support for operating expenses, and use of anticompetitive reverse auctions to distribute mobility funds,² RCA discussed the possible harms and benefits of packing bidding. If structure properly, including limits on the amount of census tracts that an applicant could bid and construction requirements commensurate with need and ability, census tract aggregation may provide continuity of service in rural areas and could prevent inconsistent, patchwork coverage and unserved areas. Packing bidding, however, typically benefits the larger carriers with nationwide

¹ *Universal Service Reform, Mobility Fund*, WT Docket No. 10-208, Notice of Proposed Rulemaking, FCC 10-182, rel. Oct. 14, 2010 ("NPRM").

² *In re Universal Service Reform Mobility Fund, Comments of Rural Cellular Association*, WT Docket No. 10-208 (Dec. 16, 2010) at 2-11; *In re Universal Service Reform Mobility Fund, Reply Comments of Rural Cellular Association*, WT Docket No. 10-208 (Jan. 18, 2011) at 2-6; Letter of Rebecca M. Thompson, General Counsel, RCA, to Marlene H. Dortch, Secretary, FCC, filed in RM-11592, WC Docket No. 10-90 *et al.* (Nov. 11, 2010); Letter of Rebecca M. Thompson, General Counsel, RCA, to Marlene H. Dortch, Secretary, FCC, filed in RM-11592, WC Docket No. 10-90 *et al.* (Nov. 10, 2010).

footprints and resources to outbid another applicant for the sole purpose of blocking competition or off-setting contributions.³

RCA supports the FCC's efforts to reform an outdated, wireline-centric fund. However, as previously stated, RCA does not support the FCC's Mobility Fund proposal.⁴ Use of reverse auctions to distribute USF funds, whether the FCC includes package bidding or not, perpetuates a monopoly at the expense of market-based competition, innovation, consumer choice, competitive prices and new technology. The FCC should reform USF through a single universal service fund that includes support for broadband but also embraces the principles of competitive and technological neutrality, and success-based, forward-looking funding.⁵ If the FCC is not inclined to support wireless as part of the CAF, but rather create a separate mobility fund for wireless, the overall allocation of support should be equitable, forward-looking, and responsive to consumers' demonstrated preference for mobile services.⁶

³ *In re* Service Rules for the 698-746, 747-762 and 777-792 MHz Bands; Former Nextel Communications, Inc. Upper 700 MHz Guard Band Licenses and Revisions to Part 27 of the Commission's Rules; Implementing a Nationwide, Broadband, Interoperable Public Safety Network in the 700 MHz Band; Development of Operational, Technical and Spectrum Requirements for Meeting Federal, State and Local Public Safety Communications Requirements Through the Year 2010, *Comments of Rural Cellular Association*, WT Docket Nos. 06-150, 06-169, 96-86; PS Docket No. 06-229 (May 23, 2007) at 14, 16-18..

⁴ *See generally In re* Universal Service Reform Mobility Fund, *Comments of Rural Cellular Association*, WT Docket No. 10-208 (Dec. 16, 2010).

⁵ *In re* Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing an Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up, *Comments of The Rural Cellular Association*, WC Docket Nos. 10-90, 07-135, 05-337, 03-109; GN Docket No. 09-51; CC Docket Nos. 01-92, 96-45 (Aug. 24, 2011) at 5-21; *In re* Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing an Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up, *Reply Comments of RCA – The Competitive Carriers Association*, WC Docket Nos. 10-90, 07-135, 05-337, 03-109; GN Docket No. 09-51; CC Docket Nos. 01-92, 96-45 (Sept. 6, 2011) at 4-13; *In re* Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing an Unified Intercarrier Compensation Regime, *Comments of The Rural Cellular Association*, WC Docket Nos. 10-90, 07-135, 05-337; GN Docket No. 09-51; CC Docket No.01-92 (Apr. 18, 2011) at 9-19; *In re* Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing an Unified Intercarrier Compensation Regime, *Reply Comments of The Rural Cellular Association*, WC Docket Nos. 10-90, 07-135, 05-337; GN Docket No. 09-51; CC Docket No.01-92 (May 23, 2011) at 2-16.

⁶ Letter of Steven K. Berry, President & CEO, RCA, and Rebecca M. Thompson, General Counsel, RCA, to Marlene H. Dortch, Secretary, FCC, filed in WC Docket No. 10-90 *et al.* (Aug. 3, 2011) at 6; Letter of Rebecca M. Thompson, General Counsel, RCA, to Marlene H. Dortch, Secretary, FCC, filed in WC Docket No. 10-90 *et al.* (July 28, 2011) at 3.

This *ex parte* notification is being filed electronically with your office pursuant to Section 1.1206 of the Commission's Rules.

Sincerely,

/s/

Rebecca M. Thompson
General Counsel

cc: Margaret Wiener
Martha Stancill
Scott Mackoul
Craig Bomberger